


OC250102

25 February 2025



Tēnā koe 

I refer to your email to Minister Brown dated 22 January 2025 in which you requested the following information under the Official Information Act 1982 (the Act):

I am requesting information about the \$78m allocated by the previous government in March 2023 for the Public Transport Futures programme in Ōtautahi Christchurch. I would like information about where that funding was held after it was allocated/announced ie by NZTA or Treasury and any cabinet papers that refer to the decision to allocate the funding.

I would also like any papers that relate to the funding or any advice from NZTA about it to the you and any cabinet papers that rescind the decision to allocate the funding to PT Futures or advice on what to do with the allocation to the current government. If the funding has been reallocated, please tell me what it has been allocated to. If it is still allocated for the PT Futures project, where is it held and what process is needed to access it? If you do not hold this information please pass it to the relevant authority that does as appropriate.

Your request was processed by the office of Minister Bishop, as the new Minister of Transport. Minister Bishop's office advised you on 12 February 2025 that the first part of your request was transferred to the Ministry of Transport Te Manatū Waka (the Ministry) under section 14 of the Act. That was because the information requested was not held by the Minister and was more closely related to the functions of the Ministry.

Three documents are within scope of the transferred part of your request and are released with some information withheld. The document schedule at Annex 1 details how the papers have been treated. The following section of the Act has been used:

9(2)(a) to protect the privacy of natural persons

Additional information has been withheld as out of scope.

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry's website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Bryan Field
Manager Programme Monitoring & Investment Management

Annex 1 - Document Schedule

| Doc# | Date | Document | Decision on release |
|------|------------|---|---|
| 1 | 17/11/2022 | Briefing to the Ministers of Transport and Finance Reallocation of Northern Pathway Funding to Greater Christchurch Public Transport Futures Bus Improvements (reference OC220984) | Released with some information withheld as out of scope. |
| 2 | 07/12/2022 | Cabinet paper: Reallocation of Northern Pathway Funding to Greater Christchurch Public Transport Futures Bus Improvements | Released with some information withheld as out of scope. |
| 3 | 07/12/2022 | Cabinet minute: DEV-22-MIN-0297 Reallocation of Northern Pathway Funding to Greater Christchurch Public Transport Futures Bus Improvements | Released with some information withheld under section 9(2)(a), and some information withheld as out of scope. |



17 November 2022

OC220984

Hon Michael Wood
Minister of Transport

Action required by:
 Thursday, 24 November 2022

Hon Grant Robertson
Minister of Finance

REALLOCATION OF NORTHERN PATHWAY FUNDING TO GREATER CHRISTCHURCH PUBLIC TRANSPORT FUTURES BUS IMPROVEMENTS Out of Scope

Purpose

Provide background to the reallocation of funding from the cancelled Northern Pathway project to the Greater Christchurch Public Transport Futures Bus Improvements programme

Out of Scope

Key points

- In September 2021, Cabinet agreed to cancel the Northern Pathway project and reallocate the project funding towards an alternative mix of investments [CAB-21-MIN-0374.01 refers]. This project was part of the wider New Zealand Upgrade Programme (NZUP). To give effect to this decision, a portion of the project funding was returned to the existing *New Zealand Upgrade Transport Projects – Tagged Capital Contingency* appropriation, leaving the rest to cover sunk costs and further work on the Northern Pathway.
- Cabinet authorised you (as Minister of Transport) and the Minister of Finance to take final decisions on the alternative investment mix, and to make consequential changes to appropriations to give effect to those decisions [CAB-21-MIN-0374.01 refers].
- Cabinet approval is required for the reallocation of funding from the tagged capital contingency for NZUP mentioned above to the Greater Christchurch Public Transport Futures Bus Improvements programme Out of Scope
- The reasons for the requirement to seek Cabinet approval include the magnitude of the funding allocation, the affordability challenges from the acceleration of the Greater Christchurch Public Transport Futures Bus Improvements programme Out of Scope
- Additionally, neither of these two projects are part of NZUP which is experiencing cost pressures estimated to be \$1.8 billion [BRI-2613 refers]. Reallocating Northern Pathway funding to projects outside of NZUP will mean that the options for addressing cost pressures in NZUP will be more limited as a result.

Out of Scope

•

You are also seeking Cabinet to approve \$78 million for the Greater Christchurch Public Transport Futures Bus Improvements programme from the same appropriation but authorise you (as Minister of Transport) and the Minister of Finance to draw down on this funding later and make consequential changes to appropriations once the funding structure of this project has been confirmed.

- The Crown will not own any assets created by the Greater Christchurch Public Transport Futures Bus Improvements programme, which means the tagged capital contingency funding will need to be swapped from capital to operating expenditure with a corresponding impact on the operating balance and net Crown debt. However

Out of Scope

- The attached Cabinet paper requires a series of decisions to approve and drawdown funding for these two projects.
- The Cabinet paper provides you with context and rationale for supporting the Greater Christchurch Public Transport Futures Bus Improvements programme and the

Out of Scope

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Recommendations

We recommend you:

| | Minister of Transport | Minister of Finance |
|--|------------------------------|----------------------------|
| 1. agree to lodge the attached Cabinet paper on Thursday 1 December 2022 with any requested changes, to seek agreement from Cabinet Out of Scope _____ _____ _____ and approve \$78 million for the Greater Christchurch Public Transport Futures Bus Improvements programme from the same appropriation but authorise you and the Minister of Finance to draw down this funding later and make consequential changes to appropriations once the funding structure of this programme is confirmed | Yes / No | Yes / No |

 Hon Michael Wood
Minister of Transport

 Hon Grant Robertson
Minister of Finance

..... / /

..... / /



 Fleur D'Souza
Manager, Programme Assurance and Commercial
Ministry of Transport

.17 / .11. / 2022

Minister's office to complete:

- Approved
- Declined
- Seen by Minister
- Not seen by Minister
- Overtaken by events

Comments

Contacts

| Name | Telephone | First contact |
|--|-----------|---------------|
| Prince Siddharth, Senior Adviser, Programme Assurance and Commercial | s 9(2)(a) | ✓ |
| Fleur D'Souza, Manager, Programme Assurance and Commercial | | |

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In Confidence

Office of the Minister of Finance
Office of the Minister of Transport

Cabinet Economic Development Committee

Reallocation of Northern Pathway Funding to Greater Christchurch Public Transport Futures Bus Improvements Out of Scope**Proposal**

- 1 This paper seeks agreement from Cabinet to a series of policy decisions and financial recommendations required to approve funding of \$78 million for the Greater Christchurch Public Transport Futures Bus Improvements programme Out of Scope

Relation to government priorities

- 2 The Greater Christchurch Public Transport Futures Bus Improvements programme contributes to the Government's objectives of building a productive, sustainable and inclusive economy by enabling greater transport choice in Greater Christchurch and moving greater numbers of people faster through rapid transit. Additionally, this programme promotes rapid transit and higher density living on main corridors.
- 3 Out of Scope
- 4 Transition to a clean, green and carbon-neutral New Zealand is strongly supported by these investments by encouraging people to move away from private car travel to public and active modes of transport.

Executive Summary

- 5 Cabinet has authorised us as Joint Ministers to undertake final decisions on reallocating funding from the cancelled Northern Pathway project to suitable alternative investments. The Northern Pathway project was part of the wider New Zealand Upgrade Programme (NZUP).
- 6 We support a fixed funding allocation of \$78 million for the Greater Christchurch Public Transport Futures Bus Improvements programme Out of Scope
- Neither of these projects are part of NZUP.
- 7 The Greater Christchurch Public Transport Futures Bus Improvements programme is an opportunity to improve the level of public transport services in Greater Christchurch, which will promote rapid transit and higher density living on main corridors. It is expected to be co-funded by the Christchurch City Council, Environment Canterbury, Selwyn District Council and Waimakariri District Council and may have some contribution from the National Land Transport Fund (NLTF). This funding profile has not yet been finalised.

- 8 Out of Scope

Out of Scope

- 9 Both projects require additional funding due to either changes in the delivery schedule leading to affordability challenges or cost pressures. Delivery of the Greater Christchurch Public Transport Futures Bus Improvements programme is expected to be accelerated before substantive increases in service frequency are implemented, which may create affordability challenges. Out of Scope

- 10 We expect to return the residual Northern Pathway funding back to the tagged capital contingency to address the cost pressures across NZUP. These pressures are currently estimated at \$1.8 billion across the entire programme, meaning we must either phase some NZUP projects, reduce scope and outcomes, or provide additional funding [BRI-2613 refers]. While some funding might be approved through the Centralised Cost Escalation Claims process, this will unlikely be sufficient to address these cost pressures completely.

- 11 We are seeking Cabinet to approve drawdown Out of Scope and funding of \$78 million for the Greater Christchurch Public Transport Futures Bus Improvements programme. We also seek authorisation as Joint Ministers to draw down on the \$78 million once the funding structure of this project has been determined.

Background

- 12 In September 2021, Cabinet agreed to cancel the Northern Pathway project and reallocate the project funding towards an alternative mix of investments [CAB-21-MIN-0374.01 refers]. This project was part of NZUP.

Out of Scope

- 17 We support the provision of a further fixed funding of \$78 million for the Greater Christchurch Public Transport Futures Bus Improvement programme Out of Scope to both be allocated from the tagged

capital contingency¹ funding described above. The Crown will not own any assets of the Christchurch Public Transport Futures Bus Improvement programme, which means the tagged capital contingency funding will need to be swapped from capital to operating expenditure with a corresponding impact on the operating balance and net Crown debt. **Out of Scope**

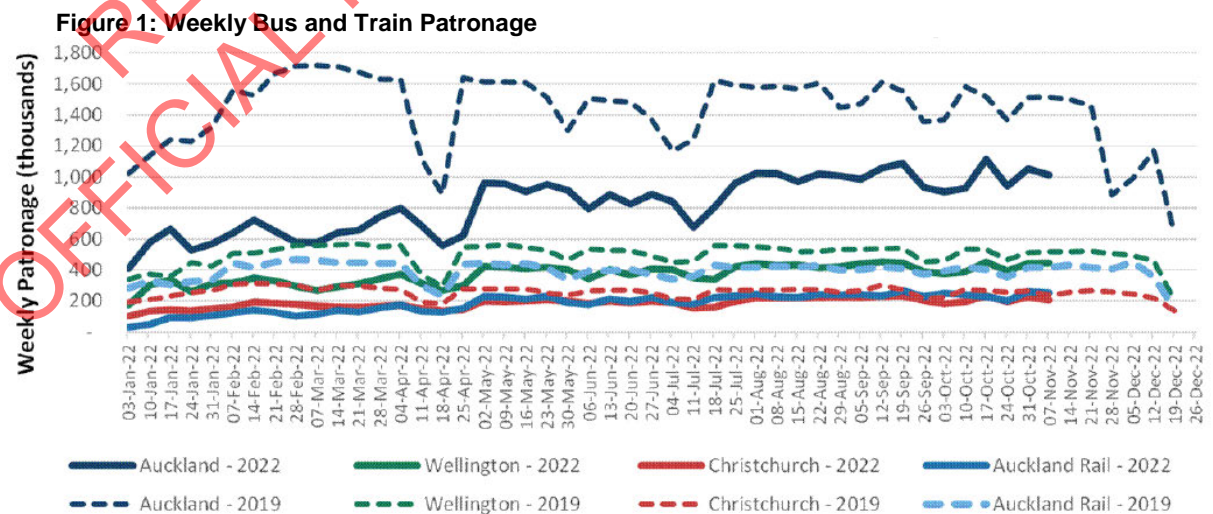
18 Delivery of the Greater Christchurch Public Transport Futures Bus Improvements programme is expected to be accelerated before substantive increases in service frequency are implemented, which may create affordability challenges. **Out of Scope**

19 These two projects are not part of NZUP, which is experiencing cost pressures estimated to be \$1.8 billion [BRI-2613 refers]. Reallocating Northern Pathway funding to these two projects ensures that these high priority projects receive an investment while addressing the affordability challenges and cost pressures within these projects.

20 Due to these reasons and the magnitude of funding allocation for these two non-NZUP projects, one of which will require funding to be swapped from capital to operating expenditure, we require Cabinet approval to provide funding for the Greater Christchurch Public Transport Futures Bus Improvements programme **Out of Scope** from the tagged capital contingency described above.

Greater Christchurch Public Transport Futures Bus Improvements

21 Bus patronage in Greater Christchurch has declined or flatlined in recent years and remains significantly lower than pre-earthquake levels (see the solid red and dotted red lines in Figure 1 below). The existing settlement pattern and growth trends in combination with a poor level of service for public transport suggest high dependency on private vehicles for travel would persist into the future. Such dependency will likely have a negative impact on carbon emissions or Vehicle Kilometres Travelled (VKT) reduction and will not contribute towards a well-functioning urban environment or provide genuine transport choice.



¹ The tag on drawing down funding from the capital contingency appropriation is the completion of Climate Implications of Policy Assessments (CIPAs) for individual projects [CAB-21-MIN-0374.01 refers].

- 22 This programme presents an opportunity to improve the level of service for public transport services within the urban area via improved travel time, reliability and frequency of service and become a viable, attractive, and competitive alternative to travel by private motor vehicle, and achieve mode shift in Greater Christchurch.
- 23 Christchurch City Council has not notified its plan changes to give effect to the National Policy Statement on Urban Development (NPS-UD) and the Medium Density Residential Standards (MDRS). The NPS-UD and the MDRS are designed to enable greater intensification in the areas where people want to live and work. Implementing these statutory requirements, particularly the NPS-UD, will support higher density residential development along frequent or rapid transit corridors. The Associate Minister for the Environment has appointed an investigator under part 4 of the Resource Management Act to work with Christchurch City Council on its housing intensification plan.²
- 24 Even with the delay in notifying the NPS-UD and MDRS plan changes, this programme will promote mode shift, emission reduction, rapid transit and higher density living on main corridors.

Programme deliverables

- 25 The entire programme over a five-to-six-year period is expected to deliver:
- 25.1 approximately 100 more buses providing a greater number of seats to a greater number of locations at a higher frequency
 - 25.2 475 more bus shelters
 - 25.3 190 more real time display units providing accurate information on bus arrival times
 - 25.4 approximately 22 kilometres of bus lanes improving bus reliability
 - 25.5 park and ride facilities in Rolleston, Lincoln and Kaiapoi making it easier to access the bus network.
- 26 The additional \$78 million sought from the reallocated Northern Pathway funding will contribute significantly towards the delivery of bus lanes and improvements in real time information display units.
- 27 In terms of improving bus services nationally, the Minister of Transport announced \$61 million to standardise minimum base wage rates for bus drivers in October 2022.³ The intention of this investment is to improve the conditions of bus drivers, which will make it easier to recruit and retain the workforce while providing more frequent and reliable bus services. This will also help standardise terms and conditions for bus drivers, which currently vary across the country.
- 28 Similarly, the Minister of Immigration is seeking Cabinet agreement in the paper entitled "Immigration Rebalance – Green List Changes" to consult with transport sector representatives for a bus driver sector agreement, which will provide a residence pathway for migrant bus drivers and support the transport industry with improved pay and conditions for bus drivers.

² <https://www.beehive.govt.nz/release/government-appoints-investigator-work-christchurch-city-council-improve-housing-supply>
³ <https://www.beehive.govt.nz/release/better-conditions-way-bus-drivers>

IN CONFIDENCE

- 29 Additionally, Cabinet already having approved \$200 million from Northern Pathway towards Eastern Busway [ENV-22-MIN-0042 refers] is helping induce demand for public transport in one of Auckland's areas with the highest reliance on private vehicle use. These investments are ensuring that public transport uptake is increasing while addressing driver shortages by improving their working conditions.

Outcomes expected

- 30 This programme over a five-to-six-year period is expected to deliver a range of benefits including:

- 30.1 increase in annual public transport trips by 3.5 million
- 30.2 decrease in total private Vehicle Kilometres Travelled (VKT) on the Greater Christchurch network by 19.7 million per year.

Funding the project

- 31 The total cost to deliver this programme is \$237 million (P95) and is expected to be co-funded by the Christchurch City Council, Environment Canterbury, Selwyn District Council and Waimakariri District Council. There may be some contribution through the NLTF as well. This funding profile has not yet been confirmed.

- 32 Initially, due to the uncertainty of the COVID-19 pandemic and associated fiscal constraints, an implementation schedule over ten years was agreed. Subsequently, given the urgency to proactively address growing VKT and emissions, elected representatives from Christchurch City Council, Environment Canterbury and Selwyn District Council agreed Notices of Motion to investigate the acceleration of the project to around five-to-six years. Waka Kotahi has been very supportive of a more ambitious implementation timeframe, and the contribution it would make to achieving the sub-regional VKT reduction targets and improved transport choice.

- 33 While the councils have allowed budget in their Long-Term Plan's (LTP) for their share of funding according to the previous agreed implementation schedule, Christchurch City Council, and Environment Canterbury in particular, are concerned that the accelerated schedule will provide affordability challenges, resulting in substantial rate increases.

- 34 Similarly, while the initially agreed implementation schedule is accounted for in the National Land Transport Programme (NLTP) over the next ten years, there are uncertainties as to whether the NLTF would be sufficient to provide for the accelerated funding requirements [BRI-2557 refers].

- 35 Reallocated Northern Pathway funding of \$78 million for this programme would help:

- 35.1 accelerate delivery of the programme, which will speed up mode shift to public transport
- 35.2 provide greater certainty that this project could be undertaken in a timely manner that positively contributes toward meeting the sub-regional VKT reduction target by 2035
- 35.3 provide assurance that the accelerated implementation of this project is not seen as putting an even higher financial burden on residents already facing cost of living challenges.

- 36 The final funding profile of all co-funders of this project is still being determined but works on this programme are expected to begin mid-to-late 2023. We, therefore, seek Cabinet approval for funding of \$78 million from the reallocated Northern Pathway funding but, to authorise us as Joint Ministers to drawdown on this funding and make any consequential changes to appropriations once the funding profile has been determined. Until the funding profile of this programme has been confirmed, this funding of \$78 million will not be drawn down.
- 37 Approving this funding now but, drawing down later will provide funding certainty now to the parties delivering this programme and will encourage greater momentum in its delivery.

Out of Scope

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Out of Scope

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<https://www.nzta.govt.nz/projects/te-ara-tupua/nga-uranga-to-pito-one/>

Out of Scope

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Greater Christchurch Public Transport Futures Bus Improvements

- 57 As mentioned previously, since the final funding profile of all co-funders of this project is still being determined, we are seeking Cabinet to approve \$78 million from the tagged capital contingency funding for this project but, authorise us to drawdown on this funding and make consequential decisions on the appropriations once the funding profile has been determined.
- 58 The Crown will not own any assets of this project, which means the tagged capital contingency funding will need to be swapped from capital to operating expenditure with a corresponding impact on the operating balance and net Crown debt. This swap will need to occur because the tagged capital contingency described above is capital funding, and the funding required to support this project would be operating (as it is funding a project not owned by the Crown).

Out of Scope



Legislative Implications

63 There are no legislative implications arising from this paper.

Impact Analysis

64 Impact analysis requirements do not apply to the proposal in this paper.

Climate Implications of Policy Assessment

65 Cabinet noted that any new projects / programmes being funded from the reallocated Northern Pathway funding must have a full Climate Implications of Policy Assessment (CIPA) completed, before tagged capital contingency can be drawn down [CAB-21-MIN-0374.01 refers].

66 The CIPA team has been consulted and confirms that the CIPA requirements apply to both projects in this proposal as a key objective is to reduce emissions.

67 Both projects are well aligned with the key action in the transport chapter of New Zealand's first Emissions Reduction Plan to reduce reliance on cars and support people to walk, cycle and use public transport. Once implemented, these projects are expected to contribute to a reduction in transport emissions.

68 Modelling of the Greater Christchurch Public Transport Futures Bus Improvements programme indicates that emissions would be reduced by around 20,600 tonnes CO₂-e across the first two emissions budget periods (2022-2030 cumulative). This is

⁵ These percentages have been rounded to the nearest number.

due to the provision of improved public transport in Greater Christchurch resulting in a significant decrease in private vehicle trips (Appendix 1).

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Out of Scope

70 There is a high level of uncertainty associated with the estimates and the assumptions used to develop the estimates for both projects.

71 The CIPA team has reviewed the results of the emissions modelling at a high-level and acknowledges that the approach taken follows the same general approach as estimates provided for NZUP projects. The CIPA team considers the results to be adequate for providing an indicative assessment of the likely emissions impacts given the high level of uncertainty.

72 After accounting for the findings of both project CIPAs, NZUP continues to show a net reduction in emissions, as required by Cabinet [CAB-21-MIN-0374.01 refers].

Human Rights

73 The proposal in this paper is not inconsistent with the New Zealand Bill of Rights Act 1990 and Human Rights Act 1993.

Consultation

74 This paper was prepared by the Ministry of Transport. The Treasury, the Ministry for the Environment, Waka Kotahi, and the Ministry of Housing and Urban development were consulted on this Cabinet paper.

Communications

75 The Minister of Transport will be announcing a package of communications on the reallocation of funds from the Northern Pathway and these projects will be referred to as part of the package.

Proactive Release

76 We intend to release this Cabinet paper proactively in full within the 30-day timeframe in accordance with the Cabinet Office circular Proactive Release of Cabinet Material: Updated Requirements [CO (18) 4].

Recommendations

The Ministers of Finance and Transport recommend that the Committee:

1 **note** that in September 2021, Cabinet agreed to cancel the Northern Pathway project, reallocate the project funding towards an alternative mix of investments and authorised the Ministers of Finance and Transport to take final decisions on the alternative investment mix, and to make consequential changes to appropriations to give effect to those decisions [CAB-21-MIN-0374.01 refers]

2 **note** that in October 2022, the Ministers of Finance and Transport expressed support for the Greater Christchurch Public Transport Futures Bus Improvements programme **Out of Scope** using funding available from the cancelled Northern Pathway project

Climate Implications of Policy Assessment (CIPA)

3 **note** that Cabinet agreed that new projects / programmes that are funded from the reallocated Northern Pathway funding must have a full CIPA completed before tagged contingency can be drawn down

4 **note** that CIPAs for the Greater Christchurch Public Transport Futures Bus Improvements programme **Out of Scope** are complete

5 **note** that as per Cabinet requirement, NZUP continues to demonstrate a net reduction in emissions after accounting for the findings of the Greater Christchurch Public Transport Futures Bus Improvements **Out of Scope** CIPAs

Policy recommendations

6 **note** that Cabinet established a tagged capital contingency of up to the amount below in Vote Transport to provide additional funding for the New Zealand Upgrade Programme following baselining and re-prioritisation [CAB-21-MIN-0192 and CAB-21-MIN-0374.01 refer]:

| | \$m – increase/(decrease) | | | | |
|--|---------------------------|-----------|---------|---------|--------------------|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 & Outyears |
| New Zealand Upgrade Transport Projects – Tagged Capital Contingency | - | 2,109.000 | - | - | - |

7 **note** that Cabinet agreed to reprioritise funds allocated to the Northern Pathway within the tagged contingency referred to in recommendation 6 to suitable projects [CAB-21-MIN-0374.01 refers]

8 **Out of Scope**

9 **note** that the Ministers of Finance and Transport support providing \$78 million and **Out of Scope** to support delivery of the Greater Christchurch Public Transport Futures Bus Improvements programme **Out of Scope**

10 **note** that both these projects are not part of the New Zealand Upgrade Programme and that the New Zealand Upgrade Programme is experiencing cost pressures currently estimated at \$1.8 billion above Cabinet approved funding [BRI-2613 refers]

11 **note** that due to the reasons mentioned in recommendation 10 above and given the magnitude of the funding allocations for these two projects, Cabinet approval is sought for the decision to provide funding for the Greater Christchurch Public Transport Futures Bus Improvements programme **Out of Scope**

12 **note** that the funding provided for the Greater Christchurch Public Transport Futures Bus Improvements programme from the tagged capital contingency mentioned in recommendation 6 will not result in the Crown owning any assets of this project and require a capital to operating swap with a corresponding impact on the operating balance and net Crown debt

13 **note** that the funding profile of all potential co-funders for the Greater Christchurch Public Transport Futures Bus Improvements programme has not yet been decided

14 **agree** to provide funding of \$78 million from the *New Zealand Upgrade Projects – Tagged Capital Contingency* to support delivery of the Greater Christchurch Public Transport Futures Bus Improvements programme

15 **authorise** the Ministers of Finance and Transport to draw down funding of up to \$78 million from the *New Zealand Upgrade Projects – Tagged Capital Contingency* for the decision in recommendation 14, including authority to approve a capital to operating swap and to make consequential changes to appropriations, including establishing new appropriations required, to give effect to this decision, once the funding profile of all potential co-funders for this programme is confirmed

16 **Out of Scope**

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19 **note** that providing funding for the Greater Christchurch Public Transport Futures Bus Improvements programme **Out of Scope** does not commit the Crown to provide additional funding in the future and any further cost increases will need to be met from the NLTF or from the local authorities

Financial recommendations

Out of Scope

Out of Scope

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- 26 **agree** that the proposed changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply

Authorised for lodgement

Hon Grant Robertson
Minister of Finance

Hon Michael Wood
Minister of Transport

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Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Reallocation of Northern Pathway Funding to the Greater Christchurch Public Transport Futures Bus Improvements Out of Scope

Portfolios Finance/ Transport

On 7 December 2022, the Cabinet Economic Development Committee:

Background

- 1 **noted** that on 20 September 2021, Cabinet:
 - 1.1 agreed to cancel the Northern Pathway project and to reallocate the project funding towards an alternative mix of investments;
 - 1.2 authorised the Ministers of Finance and Transport to take final decisions on the alternative investment mix, and to make consequential changes to appropriations to give effect to those decisions;

[CAB-21-MIN-0374.01]
- 2 **noted** that in October 2022, the Ministers of Finance and Transport expressed support for the Greater Christchurch Public Transport Futures Bus Improvements programme and the Out of Scope project using funding available from the cancelled Northern Pathway project;

Climate Implications of Policy Assessment

- 3 **noted** that Cabinet has agreed that new projects/programmes that are funded from the reallocated Northern Pathway funding must have a full Climate Implications of Policy Assessment (CIPA) completed before the tagged contingency can be drawn down [CAB-21-MIN-0192];
- 4 **noted** the CIPAs for the Greater Christchurch Public Transport Futures Bus Improvements programme Out of Scope which are attached as Appendices 1 and 2 to the paper under DEV-22-SUB-0297;
- 5 **noted** that as per Cabinet's requirements, the New Zealand Upgrade Programme continues to demonstrate a net reduction in emissions after accounting for the findings of the Greater Christchurch Public Transport Futures Bus Improvements Out of Scope CIPAs;

Policy proposals

6 **noted** that a tagged capital contingency has been established of up to the amount below in Vote Transport to provide additional funding for the New Zealand Upgrade Programme following baselining and re-prioritisation [CAB-21-MIN-0192 and CAB-21-MIN-0374.01]:

| | \$m – increase/(decrease) | | | | |
|---|---------------------------|-----------|---------|---------|--------------------|
| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 & Outyears |
| New Zealand Upgrade Transport Projects – Tagged Capital Contingency | - | 2,109.000 | - | - | - |

7 **noted** that Cabinet has agreed to reprioritise funds allocated to the Northern Pathway within the tagged contingency referred to in paragraph 6 above to suitable projects [CAB-21-MIN-0374.01];

8 **noted** that:

8.1 Ministers have subsequently approved \$1.500 million, \$2.500 million and \$200 million of the tagged capital contingency to be drawn for the Community Connect Pilot, the Ashburton Fairfield Freight Hub project, and the Eastern Busway project [ENV-22-MIN-0042];

8.2 this leaves a remaining tagged capital contingency of \$1,905.000 million;

9 **noted** that the Ministers of Finance and Transport support providing \$78 million and Out of Scope *New Zealand Upgrade Projects – Tagged Capital Contingency* to support delivery of the Greater Christchurch Public Transport Futures Bus Improvements programme Out of Scope;

10 **noted** that both of these projects are not part of the New Zealand Upgrade Programme, and that the New Zealand Upgrade Programme is experiencing cost pressures currently estimated at \$1.8 billion above Cabinet approved funding;

11 **noted** that due to the reasons referred to in paragraph 10 above, and given the magnitude of the funding allocations for these two projects, Cabinet approval is sought for the decision to provide funding for the Greater Christchurch Public Transport Futures Bus Improvements programme Out of Scope;

12 **noted** that the funding provided for the Greater Christchurch Public Transport Futures Bus Improvements programme from the tagged capital contingency referred to in paragraph 6 above will not result in the Crown owning any assets of this project, and will require a capital to operating swap with a corresponding impact on the operating balance and net Crown debt;

13 **noted** that the funding profile of all potential co-funders for the Greater Christchurch Public Transport Futures Bus Improvements programme has not yet been decided;

14 **agreed** to provide funding of \$78 million from the *New Zealand Upgrade Projects – Tagged Capital Contingency* to support the delivery of the Greater Christchurch Public Transport Futures Bus Improvements programme;

15 **authorised** the Ministers of Finance and Transport to draw down funding of up to \$78 million from the *New Zealand Upgrade Projects – Tagged Capital Contingency*, including authority to approve a capital to operating swap and to make consequential changes to appropriations, including establishing new appropriations required, to give effect to the decision in paragraph 14 above, once the funding profile of all potential co-funders for this programme is confirmed;

16 *Out of Scope*

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19 **noted** that providing funding for the Greater Christchurch Public Transport Futures Bus Improvements programme *Out of Scope* does not commit the Crown to provide additional funding in the future, and that any further cost increases will need to be met from the National Land Transport Programme or from the local authorities;

Financial implications

20 *Out of Scope*

21 **agreed** that the capital expenditure incurred under paragraph 20 above be charged against the *New Zealand Upgrade Projects – Tagged Capital Contingency* described in paragraph 6 above;

22 **noted** that, following the adjustment detailed in paragraph 18 above, as well as previous adjustments described in paragraph 8 above, the remaining balances and indicative phasing of the tagged capital contingency described in paragraph 6 above will be as follows:

| | \$m – increase/(decrease) | | | | |
|---|---------------------------|---------|---------|---------|---------|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| New Zealand Upgrade Transport Projects – Tagged Capital Contingency | 216.000 | 347.000 | 376.000 | 595.000 | 291.000 |

23 **noted** that the tagged capital contingency described in paragraph 6 above will expire on
1 February 2030;

24 Out of Scope

25

26 **agreed** that the changes to appropriations for 2022/23 above be included in the 2022/23
Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply.

Jenny Vickers
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Nanaia Mahuta
Hon Damien O'Connor
Hon Stuart Nash
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark
Hon Priyanca Radhakrishnan
Hon Meka Whaitiri
Hon Phil Twyford
Rino Tirikatene MP
Dr Deborah Russell MP

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet
Officials Committee for DEV
Office of the Chair of DEV